

**REPORT OF THE  
FINANCE COMMITTEE OF THE  
BOARD OF DIRECTORS OF THE  
COOK COUNTY HEALTH AND HOSPITALS SYSTEM**

**AUGUST 18, 2008**

**ATTENDANCE**

**Present:** Chairman David Carvalho and Directors Quin R. Golden; Benn Greenspan, PhD, MPH, FACHE;; Heather O'Donnell, JD, LLM and Jorge Ramirez (5)

Board Chairman Warren L. Batts (Ex-Officio)

**Absent:** Luis Muñoz, MD, MPH (1)

**Also Present:** Director Jerry Butler; Matthew DeLeon – Office of the Secretary to the Board of Commissioners of Cook County; Leslie Duffy – Director of Procurement, Cook County Bureau of Health Services; Elizabeth Reidy – State's Attorney Office; Jarese Wilson – Director, Cook County Department of Budget and Management.

**Ladies and Gentlemen:**

Your Finance Committee of the Board of Directors of the Cook County Health and Hospitals System met pursuant to notice on Monday, August 18, 2008 at the hour of 10:00 A.M. at 1900 West Polk Street, in the Second Floor Conference Room, in Chicago, Illinois.

Your Finance Committee has considered the following items and upon adoption of this report, the recommendations follow.

**Roll Call**

Matthew B. DeLeon, Secretary to the Board, called the roll of members, and it was determined that a quorum was present.

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**Contracts and Procurement Approvals\***

Additional information pertaining to these items is included in Attachment #2

**PROPOSED CONTRACTS - APPROVED**

Quadra/Med Corporation	Contract Period: 4/09/08 to 4/8/11	\$210,415.89
Maintenance and support of existing software system		
Softek Solutions Inc.	Contract Period: 7/01/08 to 6/30/11	\$451,554.00
Management/monitoring, maintenance support		
Per-Se Technologies	Contract Period: 1/01/08 to 12/31/09	\$237,000.00
Software maintenance agreement for outpatient pharmacy system		

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UpToDate	Contract Period: 4/01/08 to 3/31/10	\$76,835.00
Online clinical subscription service		

Virtual Radiologic	Contract Period: 8/01/08 to 7/31/09	\$583,333.32
Tele-Radiology services		

**REQUEST TO EXTEND CONTRACT - APPROVED**

Medical Waste Solutions	Extend from 7/28/08 - 10/27/08
Scavenger services – bio-hazardous waste	
Original Contract Amount: \$274,657.76	

**REQUEST TO INCREASE AND EXTEND CONTRACTS - APPROVED**

Advance Boiler Control Services	Increase requested: \$40,000.00
Maintenance and repair of the boiler system	Extend from 6/6/08 to 9/5/08
Original Contract Amount: \$100,800.00	

Anchor Mechanical	Increase requested: \$50,000.00
Maintenance and repair of the cooling tower system	Extend from 7/12/08 to 10/11/08
Original Contract Amount: \$139,000.00	

**REQUEST TO AMEND A PREVIOUSLY APPROVED ADVERTISE FOR BIDS - APPROVED**

Maintenance and repair of radiographic units - to include Cermak Health Services  
Two year contract

Chairman David Carvalho began with Item 2 the proposed contracts

Director O'Donnell asked why this contract is sole source and if the software outdated.

Leslie Duffy, Director of Procurement, Bureau of Health Services responded the system is outdated.

Chairman Carvalho stated the sole source maintenance from a particular vendor becomes a function of the initial choice to go with that vendor. The Bureau is more or less committed to ongoing maintenance contracts with a vendor until you switch software.

Julie Bonello, Chief Information Officer, stated Quadra/Med Corporation is our coding vendor which allows us to put procedure and diagnosis codes on our bills in order to get reimbursed. The software was purchased years ago and the system is totally up-to-date with a standard maintenance contract that is renewable every year. When a computer system is purchased like this one there is no other vendor but that vendor to provide maintenance. All the vendors for consideration today present the same situation.

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Director Greenspan asked if Quadra/Med Corporation is the vendor of the coding system and if this is the annual maintenance contract anticipated in the budget for this amount. He also inquired as to the last time specifications and bids went out for a coding contract to other vendors?

Ms. Bonello responded that Quadra/Med Corporation is the vendor. Bids have not been sent out since she started 18 months ago.

David Small, Interim Chief Executive Officer, stated in making the initial purchases it is a capital investment, the Bureau chose the vendor with the best product at the time for what our needs were and the best opportunity to keep it current over time. If the Bureau were to decide for better products out there, there would have to be due diligence and then a request in a capital budget for the purchase of software and on going maintenance agreement for the system over time.

Director Greenspan voiced concern about the coding system.

Ms. Bonello responded the cycle system is 3 to 4 years and most of the vendors provide upgrades to their systems. We upgraded last year with Quadra/Med Corporation bureau wide last year. There is now one system for all of the facilities.

Director Golden asked if the system could interface with other systems throughout the Bureau of Health Services.

Ms. Bonello responded yes.

Director Greenspan requested a DRG or discharge report generated by this system.

Ms. Bonello responded that through another data system manufactured by 3M DRG reports are available.

Director Greenspan asked if the 3M system is fed by Cerner.

Ms. Bonello responded Cerner feeds into the 3M system and the 3M system feeds into the billing system.

Director Greenspan requested information of reports of discharges for the last 3 years by DRG by admitting physician through Cerner.

Ms. Bonello responded it would be through the Cerner System. The abstracting system would not have the provider number.

Director Greenspan asked if they could get the next level up which is the DRG report and how long would it take to get the information.

Ms. Bonello responded these are standard DRG reports and it should not take long to produce them.

Director O'Donnell asked about receiving payer mix or payer source by facility over the past three years from this system.

Ms. Bonello responded that the System can produce payer source from the Siemens patients accounting system.

Director O'Donnell if the Virtual Radiologic contract request for service at Provident Hospital and Oak Forest Hospital is from the same contractor for the service at Stroger Hospital.

Sidney Thomas, Provident Hospital, stated Stroger Hospital does not have a contract; Stroger Hospital utilizes residents to provide overnight coverage.

Chairman Carvalho stated that the five proposed contracts have a start date before today and requested that Ms. Leslie Duffy address this topic.

Leslie Duffy, Director of Procurement, Bureau of Health Services responded the current process involves sending the information to the Cook County Purchasing Department. It could take four to six months to get information back.

Chairman Carvalho asked if these vendors have been maintaining service even without contracts and whether, by retroactively approving the contracts, we were approving payments for this pre-contract service?

Ms. Bonello responded yes.

Director Greenspan asked are there any items beyond what was budgeted or anticipated.

Mr. Small responded several contracts are beyond the individual line items that were budgeted. However, the total dollars are contained within the current year's budget.

Director O'Donnell asked how are budget shortfalls accessed?

Mr. Small indicated that transfers are proposed to the Board from other line items where we are under expending.

**Director O'Donnell, seconded by Director Golden, moved to approve the Contract and Procurement Approvals. THE MOTION CARRIED UNANIMOUSLY.**

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Old Business

Follow up items from 8/04 Meeting  
David Small, Interim Chief Executive Officer, Bureau of Health Services

Mr. Small commented on Item 1 regarding The Intergovernmental Transfer (IGT) in terms of split of actual funds between the State and the County and those funds which come directly to the system. The question related to why it appears the Bureau is receiving less funding in our intergovernmental transfer this year then what was in the budget.

Randall Mark, Director of Policy Analysis, answered that the IGT splits have been established for many years. These splits are lower than anticipated for this year due to two factors: 1) in December 2007, the County repaid a \$10 million advance from the State of Illinois for the prior fiscal year; 2) The final quarter of the current federal fiscal year which ends September 30 represents conclusion of upper payment phase down, reducing available IGT payments, removing all supplemental IGT payments other than the BIPA payment.

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Chairman Carvalho stated there were actually three IGT arrangements. The first is volume related Medicaid patient fee revenues; the second and third are fixed negotiated amounts of supplemental payments which are reported as IGT or BIPA payments in the financial reports.

Mr. Marks made reference to the materials handed out at a previous meeting.

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Dash Boards

David Small, Interim Chief Executive Officer, Bureau of Health Services  
*Deferred at the meeting of the Finance Committee on August 4, 2008.*

Mr. Small stated he requested data from the Information Systems Department to assemble reports regarding "red flag" items including patient metrics (number, type, length of stay); admission of self pay vs. Medicaid. There are large arrays of dashboard items: The Clinical reports will be presented to Quality Committee; Operational (i.e. overtime) and Financial will be presented to finance. Regarding the trial balance, we are catching up in file maintenance. There are accounts that were written off in 2005-06 after audit; however, patient accounts related to these write-offs are still on the system. Once the 2007 audit is approved, these accounts will have to come off the system. The Bureau is trying to match local and industry standards for records management.

Director O'Donnell asked if "monthly charges" are receipts.

Ms. Bonello responded yes.

Chairman Carvalho asked each board member if they could identify things they would like to have appear on the monthly report from the administration.

Director Golden asked if these documents could be sent electronically.

Ms. Bonello indicated it is possible, however, that more user licenses may need to be purchased.

Director Greenspan asked where the Ambulatory Network ("ACHN") numbers are to be found.

Ms. Bonello stated the ACHN numbers are incorporated under the hospital numbers, and some of the ACHN clinic numbers are under Provident Hospital and Oak Forest Hospital.

John Cookingham, Chief Financial Officer, Oak Forest Hospital, stated the billing is done through the hospital facilities with which they are associated. ACHN does keep statistic regarding visits, which are published on a monthly basis.

Chairman Carvalho asked if some of the costs associated with the ACHN clinics are intertwined with various hospital budgets, including Stroger and Provident Hospital budgets.

Mr. Small stated that they are and that to separate them will require systems to be in place that we do not yet have; we are working on it.

Director Golden asked have the data been analyzed.

Mr. Small explained the data come directly from the system and have not yet been analyzed.

Chairman Carvalho asked if the Department of Public Health and Cermak were included. If not, there should be another way to keep track so the Committee sees the whole picture.

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Proposed Monthly Close Schedule

David Small, Interim Chief Executive Officer, Bureau of Health Services  
*Deferred at the meeting of the Finance Committee on August 4, 2008.*

Mr. Small stated that within ten days of the end of the month, the Bureau would get on the schedule within 60 days. Mr. Small also indicated that the General Ledger system must be purchased during this time.

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Update on Procurement Policy

Leslie Duffy, Director of Procurement, Bureau of Health Services  
*Deferred at the meeting of the Finance Committee on August 4, 2008.*

Mr. Small stated the financial systems may meet the County needs for procurement but not performing and operating in a way that is much more standardized to health care operations. The administration is proposing to the Board a new process and procedure for contracting by taking advantage of a Group Purchasing Organization (GPO), which would save money, provide far more information standardization and provide quality goods and supplies that are needed in support of the delivery of services.

Leslie Duffy stated that developing a set of contracting policy and procedures would provide value to all the hospitals in the system. The goals are to streamline the process, improve communication within the departments and executive leadership and support and develop accountability.

Chairman Carvalho asked if the GPO would need to work with Contract Compliance.

Ms. Duffy replied we are hoping to develop a mechanism to bypass Contract Compliance.

Chairman Carvalho stated we should work with the State's Attorney office to see if we can do this.

Chairman Carvalho also asked about the process for contracting with a GPO?

Ms. Duffy stated there is a pharmacy GPO contract in place and perhaps the Bureau can start accessing it now for other goods until the pharmacy GPO is up for renewal in October, 2009. It would be unwise to have only one GPO. Typically, hospitals use primary and secondary GPOs.

Chairman Carvalho reiterated to the State's Attorney that in procuring the GPO, the Board would have to go through the current procurement process which can take seven months. Perhaps instead the Board can adopt a resolution to carve out a procurement process for the GPO itself that is faster to obtain the savings sooner.

Jeff McCutcheon, State's Attorney Office, replied that these are among the issues that are being worked on.

Ms. Duffy stated that the pharmacy staff believe the GPO system for pharmacy has save \$25-30 million dollars.

Director Golden asked why the current GPO would be replaced if it is working.

Chairman Carvalho stated the current GPO system deals with pharmacy only and the proposed GPO would be broader than that.

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Cost Report Update

David Small, Interim Chief Executive Officer, Bureau of Health Services  
*Deferred at the meeting of the Finance Committee on August 4, 2008.*

Mr. Small stated the Bureau is trying to account more appropriately for depreciation, malpractice and other items in its cost reports and that this has the potential to reap additional dollars. Health Management Associates ("HMA") is providing expertise in preparing cost reports. There is a need to enlist outside resources which have the expertise to review several years of filings to see whether all the appropriate cost were recognized; there may be an opportunity for reconsideration of items to generate more money.

Chairman Carvalho stated Item 5 on the agenda would be discussed at the next Finance Committee meeting.

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Information Systems Update

Julie Bonello, Chief Information Officer, Bureau of Health Services  
*Deferred at the meeting of the Finance Committee on August 4, 2008.*

Ms. Bonello gave an updated presentation on Enterprise Resource Planning System selection processes. A resource planning system would integrate finance, human resources, and the whole supply chain. The system would support all CCHHS entities. In 2007, HIMSS reported 962 healthcare "ERP" installations.

Director O'Donnell asked what technical system would be replaced.

Ms. Bonello stated the County's JD Edwards's system is currently in use. Other than that, this would be a new system providing heretofore unavailable capability.

Mr. Small commented that there is no general ledger system. Information is obtained from the county system, which is the JD Edwards system. The JD Edwards system used by the county is good but not industry standard for health care. The ERP would replace County systems.

Ms. Bonello stated the IS department staffing is low with 71 employees. The migration to full electronic medical records will require additional staff.

Director O'Donnell suggested management share with the Board its priorities. What is absolutely needed and doable within the first year?

Director Golden asked if all the hospitals are using electronic medical records.

Ms. Bonello stated Provident Hospital is not using electronic medical records, and that work is underway right now to implement electronic medical records at the hospital. Physicians and nurses must be trained on how to use the system. In 2002, Stroger Hospital implemented EMR, but had 50 Cerner resources on campus to providing training. Oak Forest Hospital was trained in 2005. (See attach)

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Discussion of the following:

Interim Chief Financial Officer for Stroger Hospital  
Permanent Chief Financial Officer for Stroger Hospital

*Deferred at the meeting of the Finance Committee on August 4, 2008.*

Mr. Small stated he has interview a qualified candidate for the Interim CFO position at Stroger. The candidate is coming on campus this week to interview with more staff. We are still currently advertising and gathering resumes for the permanent Stroger CFO.

Board Chairman Batts asked if the Bureau was using a search firm to fill this position.

Mr. Small responded they were not. Board Chairman Batts suggested that that be re-evaluated.

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Public Comments

None.

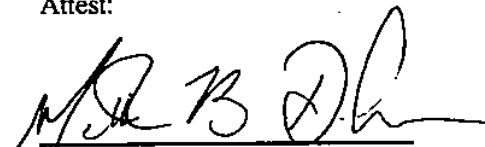
Adjournment

Chairman Carvalho adjourned the meeting.

Respectfully submitted,  
Finance Committee of the  
Board of Directors of the  
Cook County Health and Hospitals System

  
Quin Golden, Director

Attest:

  
Matthew B. DeLeon, Secretary

\*\*The audio recording for this meeting is available from the Office of the Secretary to the Board, 118 North Clark Street, Room 567, Chicago, Illinois 60602.



## **ATTACHMENT 2**

**APPROVED**

AUG 22 2008

**Cook County Health and Hospital Systems**

**Contract Item for Board Approval**

BY BOARD OF  
DIRECTORS OF THE COOK COUNTY  
HEALTH AND HOSPITALS SYSTEM

**Date:** August 11, 2008

**Sponsor:** Julie Bonello  
Chief Information Officer

**Operating Unit:** Cook County Bureau of Health Services  
Health Information Systems

**Description of Service:** This request is to enter into new software maintenance contract with Quadra/Med Corporation, Reston, Virginia. QuadraMed is the encoding software used by all the Medical Records departments to code procedures and diagnosis.

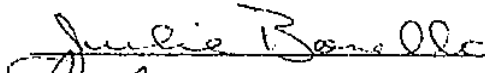
**Justification for this contract:** Quadra/Med Corporation is the manufacturer and the only known source of maintenance and support of the existing software system. The software system allows the system to identify patient care resource consumption by severity of diagnosis, allocate resources accordingly, elevate productivity and staffing effectiveness, generate data for budget projection, management and strategic planning is required by regulatory agencies (Date of the proposed contract is 04/09/2008 to 04/08/2011).

**Cost of the contract and terms:** Fiscal Impact \$210,415.89

**Budget Information:** Fiscal 2008: \$77,423.13; Fiscal Impact 2009: \$65,616.06;  
Fiscal 2010: \$67,376.70; Approval of this item will commit Fiscal Year(s) 2008-2010 (890-441 Account)

**Signatures:**

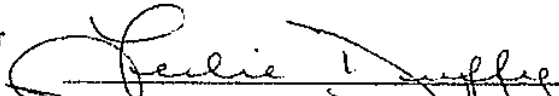
Sponsor

 \_\_\_\_\_

Operating Unit CFO

 \_\_\_\_\_

CCHHS Director  
of Purchasing

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CCHHS COO

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Cook County Health and Hospital Systems

**APPROVED**

**Contract Item for Board Approval**

AUG 22 2008

BY BOARD OF  
DIRECTORS OF THE COOK COUNTY  
HEALTH AND HOSPITALS SYSTEM

**Date:** August 11, 2008

**Sponsor:** Julie Bonello  
Chief Information Officer

**Operating Unit:** Cook County Bureau of Health Services  
Health Information Systems

**Description of Service:** This request is to enter into contract with Softek Solutions Inc., Prairie Village, Kansas, to provide management/monitoring, maintenance support for the Cerner Millennium hospital information management system for the Cook County Health and Hospitals System.


**Justification for this contract:** The system allows the Information Technologies Department to monitor and manage the Millennium system in order to identify and address system issues before they affect the end-users, thereby increasing regulatory compliance with HIPPA and Joint Commission and increasing department staff efficiency. The Softek Panther System is the only web-based management and monitoring system for the Cerner Millennium System. (Date of the proposed contract is July 01, 2008 through June 30, 2011).

**Cost of the contract and terms:** Fiscal Impact \$451,554.00


**Budget Information:** Fiscal 2008: \$195,186.00; Fiscal Impact 2009: \$123,552.00; Fiscal 2010: \$132,816.00; Approval of this item will commit Fiscal Year(s) 2008-2010 (890-441 Account)

**Signatures:**


Sponsor

 *Julie Bonello*

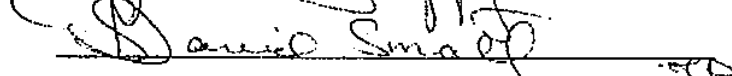
Operating Unit CFO

 *[Signature]*

CCHHS Director  
of Purchasing

 *[Signature]*

CCHHS COO

 *[Signature]*

**Cook County Health and Hospital Systems**

**Contract Item for Board Approval**

**APPROVED**

1 AUG 22 2008

BY BOARD OF  
DIRECTORS OF THE COOK COUNTY  
HEALTH AND HOSPITALS SYSTEM

**Date:** August 11, 2008

**Sponsor:** Julie Bonello  
Chief Information Officer

**Operating Unit:** Cook County Bureau of Health Services  
Health Information Systems

**Description of Service:** This request is to enter into a software maintenance agreement with Per-Se Technologies for the outpatient pharmacy system currently installed and in use across the Bureau since 1990. The contract includes 2 years of unlimited maintenance, technical support, software upgrades and limited professional services.

**Justification for this contract:** Approval of this request will allow continued use of the Per-Se Outpatient pharmacy system to fill all outpatient prescriptions. Compliance issues have historically impeded the timely renewal of this contract.

**Cost of the contract and terms:** This contract is in the amount of \$237,000.00 with a duration period of one year, effective 01/01/2008 through 12/31/2009, as well as contingent interface and professional services for a managed care Pharmacy System.

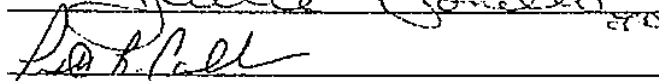
**Budget Information:** The cost for this contract has been provided for within the current operating budget for the Cook County Bureau of Health Services, Health Information Systems in account 441.

**Signatures:**

Sponsor



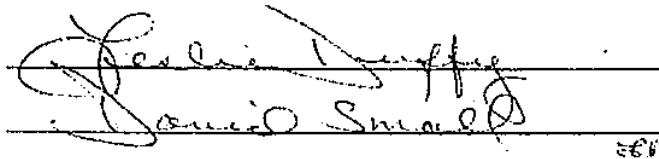
Operating Unit CFO



CCHHS Director  
of Purchasing



CCHHS COO



Cook County Health and Hospital Systems

Contract Item for Board Approval

**APPROVED**

AUG 22 2008

BY BOARD OF  
DIRECTORS OF THE COOK COUNTY  
HEALTH AND HOSPITALS SYSTEM

**Date:** August 11, 2008

**Sponsor:** Julie Bonello  
Chief Information Officer

**Operating Unit:** Cook County Bureau of Health Services  
Health Information Systems

**Description of Service:**

This request is to enter into contract with UpToDate, an online clinical subscription service. UpToDate covers more than 7,400 topics in 13 medical specialties and includes more than 76,000 pages of text, graphics, links to Medline abstracts, more than 254,000 references, and a drug database. UpToDate is the most widely used online medical reference service used by clinicians nationwide. This service also includes treatment recommendations based on the best medical evidence. Compliance issues impeded the timely approval of this contract.

**Justification for this contract:**

This service allows clinicians access to current and accurate clinical information that helps institutions improve quality of care and increase patient safety. Our clinicians use this service daily.

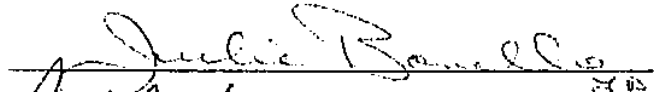
**Cost of the contract and terms:**

This contract is in the amount of \$76,835.00 with a duration period of two years, effective 04/01/2008 through 03/31/2010.

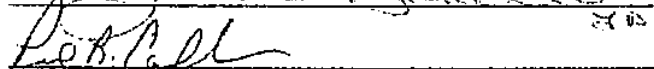
**Budget Information:** The cost for this contract has been provided for within the current operating budget for the Cook County Bureau of Health Services, Health Information Systems in account 388.

**Signatures:**

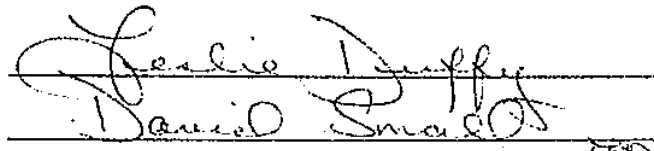
Sponsor



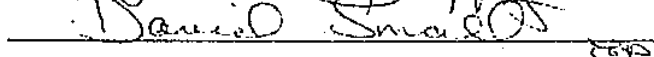
Operating Unit CFO



CCHHS Director  
of Purchasing



CCHHS COO



**APPROVED**

**Cook County Health and Hospitals System**

**AUG 22 2008**

**Contract Item for Board Approval**

BY BOARD OF  
DIRECTORS OF THE COOK COUNTY  
HEALTH AND HOSPITALS SYSTEM

**Sponsor:** Sidney A. Thomas  
Chief Operating Officer

**Operating Unit:** Provident Hospital of Cook County

**Description of  
Service:**

I am requesting authorization to enter into a contract with Virtual Radiologic, Minneapolis, MN This contract is for the provision of tele-radiology services for Provident Hospital of Cook County and Oak Forest Hospital of Cook County.

**Justification for  
this contract:**

This service is required due to the limited number of radiologists on staff and the need for radiology reports 24 hours, 7 days a week to provide safe care to in- patients and emergency room patients.

A Request for Proposals (RFP) was issued and Virtual Radiologic was chosen by virtue of them meeting all specifications.

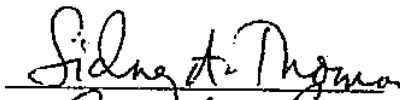
**Cost of the contract  
and terms:**

This is a one year contract to commence on August 1, 2008 and end on July 31, 2009. The total anticipated cost of the contract is \$583,333.32.

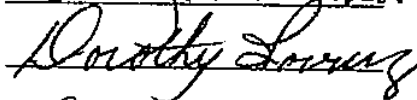
**Budget information:** The cost for this contract has been provided for within the current operating budget for Provident Hospital of Cook County in Account 891-272 and Oak Forest Hospital of Cook County in Account 898-272.

**Signatures:**

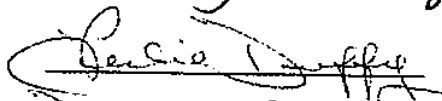
Sponsor



Operating Unit CFO



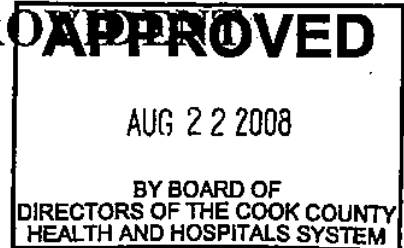
CCHHS Director  
of Purchasing



CCHHS COO



**CONTRACT REQUEST FROM PROVIDENT HOSPITAL**  
**7/18/08**



Requesting authorization to enter into a new contract with Virtual Radiologic, Minneapolis, Minnesota, to provide tele-radiology services for Provident Hospital of Cook County and Oak Forest Hospital of Cook County.

**Reason:** A Request for Proposals (RFP) was issued and Virtual Radiologic met all the requirements set forth in the RFP. The need for this service is due to the limited number of radiologists on staff and the need for radiology reports 24 hours a day, 7 days a week to support the provision of safe care to patients in our emergency rooms and inpatient at Provident Hospital and Oak Forest Hospital. (Date of the proposed contract is August 1, 2008 through July 31, 2009.)

Fiscal Impact: \$216,666.68 (Fiscal Yr. 2008: \$141,666.68-891, \$75,000.00-898 Fiscal Yr 2009: \$283,333.32-891, \$83,333.32-898). Approval of this item will commit Fiscal Year(s) 2008-2009. (891-272 and 898-272 Accounts).

**APPROVED**

AUG 22 2008

**Cook County Health and Hospitals System**

BY BOARD OF  
DIRECTORS OF THE COOK COUNTY  
HEALTH AND HOSPITALS SYSTEM

**Contract Item for Board Approval**

**Date:** August 1, 2008

**Sponsor:** Sydney A. Thomas  
Chief Operating Officer

**Operating Unit:** Provident Hospital of Cook County

**Description of  
Service:**

This request is to extend CC 06-72-359 from 7/28/08 to 10/27/08 for scavenger services, bio-hazardous waste with Medical Waste Solutions, Gary, IN.

**Justification for  
this contract:**

The expiration of the contract was 7/27/08. The new contract, 08-73-260 has a scheduled bid opening date of 8/13/08. Approval of this request will allow continued scavenger services for Provident Hospital, Near South Clinic and Englewood Clinic until the evaluation, award and implementation of a new contract.

**Cost of the contract  
and terms:**

This original contract was Cook County Board approved on 7/24/06 in the amount of \$274,657.76.

**Budget information:** Sufficient funds are available to meet the requested extension period of this contract for Provident Hospital, Near South Clinic and Englewood Clinic in Account 215.

**Signatures:**

Sponsor

*Sydney A. Thomas*

Operating Unit CFO

*Dorothy Lovins*

CCHHS Director  
of Purchasing

*Desiree L. Laffey*

CCHHS COO

*David Smaeda*



**OFFICE OF THE COUNTY CLERK - CLERK OF THE BOARD**

**AGENDA TRANSMITTAL FORM/REQUEST FOR BOARD MEETING OF**

Using Agency: Bureau of Health Services Date: 4/9/08 Purchase Requisition No.:

This form must be used to place business transactions (Itemized below) on the agenda for the COOK COUNTY BOARD OF COMMISSIONERS. All questions must be answered in order for your request to be placed on the Board Agenda.

**1. Describe item (name/quantity) or services requested:**

Scavenger services, bio-hazardous waste for Provident Hospital of Cook County

**2. What type of transaction are you requesting?**

A. ☐ Advertise for bids (go directly to question 5).

B. ☐ Enter into a contract.

C. ☐ Renewal of existing contract;

You may check more than one of the following if applicable.

D. ☐ Increase dollar amount of existing contract.

E. ☒ Extend time period on existing contract.

**3. If you checked 2B through 2E, you must complete all the following questions:**

**A. Vendor name and address:**

Medical Waste Solutions  
PO Box 64787  
Gary, Indiana

*If you are requesting to enter into a contract with a specific company or individual, you must explain why this company or individual is the only one capable of supplying the products or services. Likewise, you must explain why a renewal or extension is necessary in lieu of rebidding:*

**B. Reason:**

The increase and extension is required to provide continued scavenger services for the removal of bio-hazardous waste materials from Provident Hospital, Near South Clinic and Englewood Clinic pending bid, evaluation and award of the new contract (Contract 08-73-260). The expiration date of the current contract is 7/27/08. Sufficient funds have been encumbered against the contract award to meet the requested extension period.

**4. If you checked 2C through 2E above, you must complete the following:**

Contract No.: 06-72-359

Amount of original Board approved contract: \$274,657.76

Board approval Date: 7/24/06 Bid Report

**5. Expiration date of current contract (if applicable): 7/27/08**

Dates of proposed contract (if applicable); from: 7/28/08 to: 10/27/08

**6. Fiscal Impact: \$00.00 Budget Account: 8900901.520060 890-215**

Account Description: Scavenger Services

A. Amount of new contract increase: \$00.00

B. Amount of above applicable to initial fiscal year: \$00.00

Name: David R. Small, F.A.C.H.E.

Phone:

Title: Chief Operating Officer  
Bureau of Health Services

Signature: \_\_\_\_\_

(If there are insufficient funds available in the indicated budget account, please complete the reverse side, per request of the President of the Board.)

**APPROVED**

**AUG 22 2008**

**BY BOARD OF  
DIRECTORS OF THE COOK COUNTY  
HEALTH AND HOSPITALS SYSTEM**

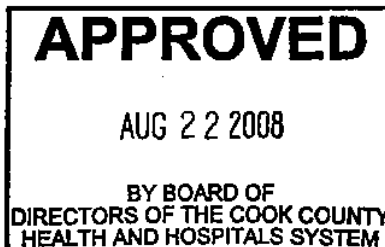
## Cook County Health and Hospitals System

### Contract Item for Board Approval

**Date:** August 1, 2008

**Sponsor:** Sydney A. Thomas  
Chief Operating Officer

**Operating Unit:** Provident Hospital of Cook County



**Description of Service:**

This request is to extend CC 06-53-363 from 6/6/08 to 9/5/08 and increase by \$40,000.00 for Maintenance & Repair of the boiler system with Advance Boiler Control Services, Crown Point, IN.

**Justification for this contract:**

The expiration of the contract was 6/5/08. The new contract, 08-83-249 opened for bids on 7/17/08. Approval of this request will allow continued services for the boiler system until the evaluation, award and implementation of a new contract.

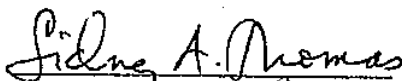
**Cost of the contract and terms:**

This original contract was Cook County Board approved on 6/6/08 in the amount of \$100,800.00.

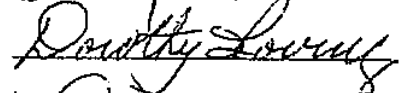
**Budget information:** The cost for this contract has been provided for within the current operating budget for Provident Hospital of Cook County in Account 450.

**Signatures:**

Sponsor



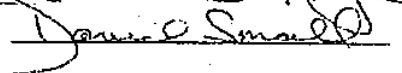
Operating Unit CFO



CCHHS Director  
of Purchasing



CCHHS COO



**OFFICE OF THE COUNTY CLERK - CLERK OF THE BOARD**

**AGENDA TRANSMITTAL FORM/REQUEST FOR BOARD MEETING OF**

Using Agency: Bureau of Health Services Date: 4/9/08 Purchase Requisition No.:

This form must be used to place business transactions (itemized below) on the agenda for the COOK COUNTY BOARD OF COMMISSIONERS. All questions must be answered in order for your request to be placed on the Board Agenda.

**1. Describe item (name/quantity) or services requested:**

Maintenance and repair, Boiler system for Provident Hospital of Cook County

**2. What type of transaction are you requesting?**

- A. ☐ Advertise for bids (go directly to question 5).  
B. ☐ Enter into a contract.  
C. ☐ Renewal of existing contract.  
You may check more than one of the following if applicable.  
D. ☒ Increase dollar amount of existing contract.  
E. ☒ Extend time period on existing contract.

**3. If you checked 2B through 2E, you must complete all the following questions:**

**A. Vendor name and address:**

Advance Boiler Control Services  
8730 Cline Avenue  
Crown Point, In

*If you are requesting to enter into a contract with a specific company or individual, you must explain why this company or individual is the only one capable of supplying the products or services. Likewise, you must explain why a renewal or extension is necessary in lieu of rebidding:*

**B. Reason:**

The increase and extension is required to provide continued maintenance and repair services for the boiler system equipment pending bid, evaluation and award of the new contract (Contract 08-83-249, bid open 7/17/08). The expiration date of the current contract is 6/5/08.

**4. If you checked 2C through 2E above, you must complete the following:**

Contract No.: 06-53-363

Amount of original Board approved contract: \$100,800.00

Board approval Date: 6/6/06

**5. Expiration date of current contract (if applicable): 6/5/08**

Dates of proposed contract (if applicable); from: 6/6/08 to: 9/5/08

6. Fiscal Impact: \$40,000.00 Budget Account: 8900 .540360 890-450

Account Description: Repair, Building & Institutional Equipment

A. Amount of new contract increase: \$40,000.00

B. Amount of above applicable to initial fiscal year: \$40,000.00

Name: David R. Small, F.A.C.H.E.

Phone:

Title: Chief Operating Officer  
Bureau of Health Services

Signature: \_\_\_\_\_

(If there are insufficient funds available in the indicated budget account, please complete the reverse side, per request of the President of the Board.)

**APPROVED**

AUG 22 2008

BY BOARD OF  
DIRECTORS OF THE COOK COUNTY  
HEALTH AND HOSPITALS SYSTEM

**APPROVED**

AUG 22 2008

BY BOARD OF  
DIRECTORS OF THE COOK COUNTY  
HEALTH AND HOSPITALS SYSTEM

**Cook County Health and Hospitals System**

**Contract Item for Board Approval**

**Date:** August 1, 2008

**Sponsor:** Sydney A. Thomas  
Chief Operating Officer

**Operating Unit:** Provident Hospital of Cook County

**Description of  
Service:**

This request is to extend CC 06-53-361 from 7/12/08 to 10/11/08 and increase by \$50,000.00 for Maintenance & Repair of the cooling tower system with Anchor Mechanical, Chicago, IL.

**Justification for  
this contract:**

The expiration of the contract was 7/11/08. The new contract, 08-72-251, has a scheduled bid opening date of 8/13/08. Approval of this request will allow continued services for the cooling tower system equipment.

**Cost of the contract  
and terms:**

This original contract was Cook County Board approved on 6/6/08 in the amount of \$139,000.00.

**Budget information:** The cost for this contract has been provided for within the current operating budget for Provident Hospital of Cook County, Account 450.

**Signatures:**

Sponsor

*Sydney A. Thomas*

Operating Unit CFO

*Dorothy Loring*

CCHHS Director  
of Purchasing

*Leslie Duffey*

CCHHS COO

*David Small*

**OFFICE OF THE COUNTY CLERK- CLERK OF THE BOARD**

**AGENDA TRANSMITTAL FORM/REQUEST FOR BOARD MEETING OF**

Using Agency: Bureau of Health Services Date: 4/9/08 Purchase Requisition No.:

This form must be used to place business transactions (itemized below) on the agenda for the COOK COUNTY BOARD OF COMMISSIONERS. All questions must be answered in order for your request to be placed on the Board Agenda.

**1. Describe item (name/quantity) or services requested:**

Maintenance and repair, cooling tower system for Provident Hospital of Cook County

**2. What type of transaction are you requesting?**

A. ☐ Advertise for bids (go directly to question 5).

B. ☐ Enter into a contract.

C. ☐ Renewal of existing contract;

You may check more than one of the following if applicable.

D. ☒ Increase dollar amount of existing contract.

E. ☒ Extend time period on existing contract.

**3. If you checked 2B through 2E, you must complete all the following questions:**

**A. Vendor name and address:**

Anchor Mechanical  
215 South Aberdeen Street  
Chicago, Illinois

*If you are requesting to enter into a contract with a specific company or individual, you must explain why this company or individual is the only one capable of supplying the products or services. Likewise, you must explain why a renewal or extension is necessary in lieu of rebidding:*

**B. Reason:**

The increase and extension is required to provide continued maintenance and repair services for the cooling tower system equipment pending bid, evaluation and award of the new contract (Contract 08-72-251, bid open?). The expiration date of the current contract is 7/11/08.

**4. If you checked 2C through 2E above, you must complete the following:**

Contract No.: 06-53-361

Amount of original Board approved contract: \$139,000.00

Board approval Date: 6/6/06

**5. Expiration date of current contract (if applicable): 7/11/08**

Dates of proposed contract (if applicable); from: 7/12/08 to: 10/11/08

6. Fiscal Impact: \$50,000.00 Budget Account: 8900 .540360 890-450

Account Description: Repair, Building & Institutional Equipment

A. Amount of new contract increase: \$50,000.00

B. Amount of above applicable to initial fiscal year: \$50,000.00

Name: David R. Small, F.A.C.H.E.

Phone:

Title: Chief Operating Officer  
Bureau of Health Services

Signature: \_\_\_\_\_

(If there are insufficient funds available in the indicated budget account, please complete the reverse side, per request of the President of the Board.)

**APPROVED**

**AUG 22 2008**

**BY BOARD OF  
DIRECTORS OF THE COOK COUNTY  
HEALTH AND HOSPITALS SYSTEM**

**APPROVED**

AUG 22 2008

BY BOARD OF  
DIRECTORS OF THE COOK COUNTY  
HEALTH AND HOSPITALS SYSTEM

**Cook County Health and Hospitals System**

**Contract Item for Board Approval**

**Date:** August 1, 2008

**Sponsor:** David Fagus  
Chief Operating Officer

**Operating Unit:** Cermak Health Services of Cook County

**Description of Service:** Maintenance and Repair of Radiographic Units

**Justification for this contract:** I am requesting to amend a previous approval to advertise for bids for Maintenance and Repair of Radiographic Units to include Cermak Health Services. The original request was Cook County Board approved on 6/17/08, Item #10.

**Cost of the contract and terms:** This is a two year contract to commence 1/22/09 and end 1/21/11. The total cost of the contract for Cermak Health Services is \$510,000.00 for a total CCHHS amount of \$1,510,000.00.

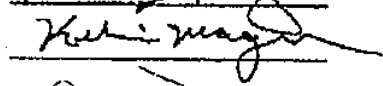
**Budget information:** The cost for this contract has been provided for within the current operating budget for Cermak Health Services of Cook County, Fund 240-442.

**Signatures:**

Sponsor



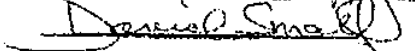
Operating Unit CFO



CCHHS Director  
of Purchasing



CCHHS COO



## **Attachment 3**

# Month End Closing Schedule

## MONTH END CLOSE CHECKLIST

Month of

June, 2008

### Overview

File location:

Day of Close Week

C:\Documents and Settings\porkin\Local Settings\Temporary Internet Files\OLKICA\JME\_documentation\_2008\_June.xlsJME CloseJune 2008

Last BUSINESS day of month

Monday, June 30, 2008

Assign to

Status

Business Day 1

Tuesday, July 01, 2008 Period update; sub system interfaces-AP invoices, PO Receipts, Pr Revenue, Inventory

Business Day 2

Wednesday, July 02, 2008 accruals & analysis

Business Day 3

Thursday, July 03, 2008 Revenue review meeting-11AM

Business Day 4

Monday, July 07, 2008 account vouchers research; accruals

Business Day 5

Tuesday, July 08, 2008 Expense review-AM : Balance sheet review-PM

Business Day 6

Wednesday, July 09, 2008 GL Signoff file : Board Report generation

Business Day 7

Thursday, July 10, 2008 Reports & Comments Reviewed by Controller, Budget Director & CFO

Business Day 8

Friday, July 11, 2008 Memo to email reports to Finance Committee

Business Day 9

Monday, July 14, 2008

Business Day 10

Tuesday, July 15, 2008 Finance Committee

Business Day 11

Business Day 12

Business Day 12

### Detail tasks

Every Day: GL Team members should each

record accruals from A/P basket

and Check Journal error recycle (SEE Query "TMC\_GL\_JE\_Header\_Status" for N, E, or V status entries)

Last day of month

Monday, June 30, 2008

Assign to

ck off/date when complete

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

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Monday, June 30, 2008

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Monday, June 30, 2008

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Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr

Monday, June 30, 2008

Tygrid

Susan F

Nancy/AP Mgr



# Month End Closing Schedule

Ingrid Run inventory balance reports--all 3 periodic inventories\check against GL after interfaces run  
 Ingrid check for unposted lines\run journal generation\recheck--should also be done every day during close but do not interface until the following month--do an accrual rated query--"TMC\_INV\_ACCT\_NOT\_DISTRI\_B\_L" If there are lines, need to run journal generation for the period covered--daily auto interface does not pick up prior dates; also the last day of the month may not have processed yet--check in BLU-65001, OR001, C500  
 Ingrid prepare gl to inventory comparison report \ review with Libby \ adjust GL if indicated

## PO Receipt Accounts--run inventory--account 2006--TMC SP6

Ingrid should receive 10 auto PS emails--check that po & receiver close processes all run successfully  
 Ingrid PO -run process to accrue receipts (accrual is automated in PO system, has to be run to GL manually by journal generation)  
 Nancy Feb PO process run manually  
 PO Receipt Accounts--Inventory For account 2001--TMC  
 Nancy Balance Sheet recheck for account 2006--PO accruals---results of "TMC\_GL\_DETAIL\_ACCT\_POX001"

Balance Sheet recheck for INV accrual account (2001) (should equal Inventory PO's open and received but not matched to AP  
 In results of Query "TMC\_GL\_Detail\_acct\_PO\_2001, look for lines accruing to a/c 2001 and send to distribution for correction, receiver's need to be corrected

## Asset ManagementTMC, Holdings, EDI, SP6

Ruth should have run last day of month see run Depreciation Close  
 Ruth should have run last day of month see interface all entries to GL & post  
 Ruth should have run last day of month see Change A/R accounting period once all entries have interfaced  
 Ruth & Libby Review Depreciation entry\expense  
 Ruth pull reports balancing PPE & CIP accounts, line account deprec

## General Ledger all Business units (BLU)

GL Team Check for unposted journal entries  
 Nancy Rechecking entries posted?

## Payroll all Bus

Ingrid Depending on timing, balancing for payroll and payroll accruals may occur any day during close.  
 Wednesday, July 02, 2008 Ingrid Recheck deductions as appropriate--TMC-U, Desert Caddle, Pharmacy, etc

## Payroll/Payroll accruals

Run in PO accruals before end of day; this assures that PO will accrue for end of month even if a voucher is matched this ex  
 TMC cash entries by end of day 2 so revenue workpapers don't change, especially clearing accounts.  
 After interfaces complete, run GL Activity report (process financialprocess journalsreport\gl activity report) for the month. See file in PS\_TempLibby\_GL\_Tests\mgactivity.rpt, open with excel and save to English\reports as xls file.

aprilnel Reactive SP6 stats and info from SP6 admin, start SP6 entries  
 Ingrid Voucher Entries reconciled by Revenue meeting preparation at 11AM  
 Laura

Day 3 Thursday, July 03, 2008

Laura Miscellaneous Income Entries by end of day  
 Ingrid Check w/purchasing for all manual accounts  
 Ingrid check inventory lines not interfaced to ensure not material  
 Susan Frank\Phyllis by Revenue Meeting Update "Cash, peturbed xls"  
 Bob by Revenue Meeting Hospital Revenue and contractual adjustments

# Month End Closing Schedule

Income Statement, AR Aging, Util report - Adj Pr day figures, Cash to Net's report, Medice entries/reports, query for AR gl accounts (inc last mo bal), Update Bad debt/chronic trend rpt  
**TMC REVENUE MEETING: Revenue 11AM - Santa Rita B**

past review: Hospital Contractual adjustments if required

Board/Cash entries

Short-term investment valuation

Interest Swap

Eastern arcadia statements for prior month--follow up if not received

(Reclass) PPV expense account

Northern Trust Investment Entries

SPG completed

Depreciation review with Libby if not done already

Review Supply Expense estimate prior to expensing meeting on Friday

2:00 pm - review Agency accruals/expense

Starts due by 2PM to GL (topload)

Yard & Eastern Arcadia

Severance agreements check/post

Recruitment

Foundation entries, inc zeroing unrestricted net assets

Grant entries

NP's entry for Pharmacy

Load EOM, start file/path: Process Journals/Process TMC Load EOM Journals/time\_load\_sgm & TMC\_Load\_sgm2--should pr

Crosscharges - IP & OP Pharmacy, Printing, Food Services, CCRS, ODT, Central Processing, Central Supply

EEFs to TOI & PV, Ambulatory Surgery to OR, Courier to Laundry (outside business), move & bus passes

Pharmacy inventory adjustments

check for uninter/forced inventory links--manually post accrual if significant

11am Expense Review

4PM meeting Balance Sheet Review--

Balance Sheet--restate Fdn fund balance by restriction, ck current year income rollforward, also ck budget for mo, ytd

verify accuracy of budget in PS vs Board approved

Balance Sheet--net asset rollforward, current year income rollforward, also ck budget for mo, ytd

Final close by 5pm

Some copy of income statement and balance sheet to FIN/VP/REPORTS/MONTHLY/EL sheet & FTE sheet

Close EL accounting period TMCOL, TMCOL, TMCOL, STP2G, ELI11, if indicated

Request IS (roll Help Desk) submit to RSW: "Month end departmental reports" i.e. Departmental Expense Report, Trend report, General Ledger detail

Notify Dorothy, Trent and Rachel Downloads for FPA and AVE6A5 can be run for the month

write up TMCOL workbooks +/- \$20,000 in Month End Close: review & comment on trend report also

GL Signoff file: Board Report generation: Board & Powerpoint statistic page

QFO

Bob

Susan Frank/Phyllis

Susan Frank/Phyllis

Susan Frank/Phyllis

Bob

Renee--monitor account

Susan Frank

Ingrid

Libby

Ingrid

Rachel/Trent

Bob

Libby

Renee

Renee

Renee

no longer needed--payments wired

GL team

Ingrid

Ingrid

monitor monthly physical

GL Treasury, CFO, Controller, Budget Dir

GL Treasury, CFO, Controller, Budget Dir

Libby

Libby

Libby

Libby/Ingrid

GL Team

Rollforward check

Libby

Libby

Libby

Libby

Ingrid: Bob

Wednesday, July 09, 2008 everyone

Thursday, July 10, 2008 Reports & Comments Reviewed by Controller, Budget Director & CFO

Friday, July 11, 2008 Anna to email reports to Finance Committee

Monday, July 14, 2008

Business Day 9

Business Day 8

Business Day 7

Business Day 6

Business Day 5

Business Day 4

Business Day 3

Business Day 2

Business Day 1

**ATTACHMENT #4**

# COOK COUNTY HEALTH AND HOSPITALS SYSTEM

CONTRACTING AND PURCHASING UPDATE

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## CONTRACTING GOALS

- Develop set of contracting policies and procedures - value provided
- Streamline process
- Improve communication
- Support/develop accountability within departments
- Significant cost reduction
- Improve financial reporting

# COOK COUNTY HEALTH AND HOSPITALS SYSTEM

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## CONTRACTING PROCESS

Number of overall steps from initial request to purchasing order - 10

- Requesting Department - 2
- Local Hospital Purchasing - 3
- Procurement Control
- Comptroller Director
- County Clerk
- Cook County Board of Commissioners
- Cook County Purchasing Department - 5
- Account Payable
- Cook County Comptroller
- Time from dept requisition to completion - 4 to 6 mos

Number of Board Approval points up to 4

# COOK COUNTY HEALTH AND HOSPITALS SYSTEM

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### Transitional Contracting Process

**Current Contracting Process:**

- Current contract terms obsolete
- Expenditure/Purchasing/Expenditure Control
- 3rd party completed in shorter time frame
- Continue to work with purchasing department until COHS is fully implemented
- Central Database - view only
- Purchasing acting as catalyst for all purchasing functions

**Increase board approval amount:**

- >\$100,000.00 Requires System Board Approval
- Board Approval = 1

**COOK COUNTY HEALTH AND HOSPITALS SYSTEM**

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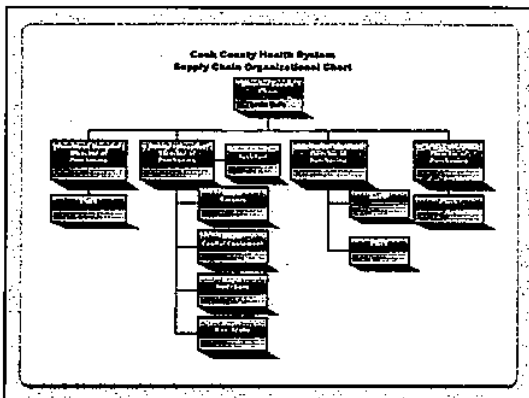
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### Group Purchasing Organization

Entity that leverages the purchasing power of a group of organizations to obtain better prices and terms from vendors.

Formed by administrative fees that are actually paid by the member organizations.

Fees can be set as a percentage of the purchase or set as a flat rate.

Group purchasing is used in many industries to purchase raw materials and supplies, but it is common practice in the grocery industry, health care, electronics, industrial manufacturing and agricultural industries.

**COOK COUNTY HEALTH AND HOSPITALS SYSTEM**

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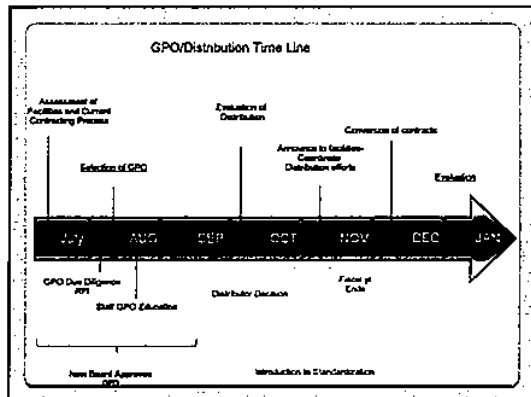
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**Purchasing Best Practices**

- Formal GPO Purchasing Organization
- Review GPO contracts - System Board Approval not necessary if contract is renewed
- Centralize purchasing process
- Formal contract - standard bid process
- Purchases \$100,000 to \$249,999 authorized by Dept and Purchasing Director
- Purchases \$250,000 and above Senior Management approval
- Centralize purchasing process
- Staff
- Review and purchasing staff on site to interface with clinical staff
- Process

**COOK COUNTY HEALTH AND HOSPITALS SYSTEM**

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**GPO SELECTION PROCESS**

**Positioning of a GPO**

- Utilize current GPO and rebid at end of contract
- Public Advertisement for bid-with hospital selection committee
- System Board and Hospital Designees to form a GPO selection committee

**COOK COUNTY HEALTH AND HOSPITALS SYSTEM**

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**ADVANTAGES OF A GPO**

- Economies of scale
  - Deeper discounts - Increase savings
- Offers/streamline contracting process
- Compliant to MBE/WBE
- Purchase reporting
  - System
  - Facility
  - Product Segment

**COOK COUNTY HEALTH AND HOSPITALS SYSTEM**

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**Mandatory Requirements**

- How do you address WBE/MBE? What are current goals?
- 2021 MBE goal 10% wbe
- Breadth of contract portfolio
- How do you address physician preference items? What type of benchmarking and negotiating support do you offer?
- On site account management, analytical support
- How many county and state facility do you currently serve?
- Administrative fees
- What is your current shareback to HCOs? How is this currently calculated?

**COOK COUNTY HEALTH AND HOSPITALS SYSTEM**

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**Anatomy of a successful supply chain**

- Partner with GPO and suppliers (not adversaries)
- County and state facilities
- Establishing best practice
- Vendor policy
- Product decision made by department and business manager
- Standardization throughout system
  - When possible standardize
  - Increase length of contracts
- Utilization
  - Is the product being used correctly?
  - Can practices be changed?
  - Exchange of best practices between physicians

**COOK COUNTY HEALTH AND HOSPITALS SYSTEM**

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How do we measure success?

- Financial wellness
- Increase clinical quality
- Increase staff and physicians satisfaction
- Increase patient satisfaction

**COOK COUNTY HEALTH AND HOSPITALS SYSTEM**

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Thank you to resource hospitals

- Parkland - Dallas TX
- Hennepin County - Minneapolis MN
- Grady - Atlanta GA
- Ohio State
- University of Massachusetts
- Wishard Health Services

**COOK COUNTY HEALTH AND HOSPITALS SYSTEM**

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*QUESTIONS*

**COOK COUNTY HEALTH AND HOSPITALS SYSTEM**

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## **Attachment 5**

# **DEPRECIATION**

- 1. Oak Forest and Provident use the Straight Line Method.**
- 2. For FY 2007 Oak Forest Depreciation is \$3,715,497 and Provident is \$2,404,793.**
- 3. Both Oak Forest and Provident, the amounts are directly assigned in the Cost Report under "New Capital Costs Buildings and Fixtures" and "New Capital Costs Movable Equipment."**
- 4. Stroger uses an accelerated depreciation method for calculating Depreciation Expense.**

## **DEPRECIATION (cont'd)**

5. In FY 2007 under this method on the Financial Statements for Stroger, ACHN and CORE the amount is \$32,439,773.
6. Medicare only accepts a Straight Line Method for Depreciation Expense.
7. The Straight Line Method of Depreciation in FY 2007 for Stroger totals \$33,884,495 and is added to the Cost Report as an Adjustment under "New Capital Costs Buildings and Fixtures" and "New Capital Costs Movable Equipment."

# **MALPRACTICE**

- 1. Malpractice is recorded in the Financial Statements for any of the Institutions.**
- 2. It is added as an expense adjustment for Fringe Benefits on the "Administrative and General" line in the Cost Report.**
- 3. The total amount for Stroger, ACHN and CORE is \$28,587,318.**
- 4. The amount was given to the hospital from County's Risk Management Department. It is the actual cost of Malpractice Cases in FY 2007.**

## **MALPRACTICE (cont'd)**

5. \$9,529,106 of the total Malpractice Costs are considered Part "B" or the Physician portion and is derived from actuarial studies.
6. The amount for Part "B" is entered into a section where it is removed from the Cost Report leaving just the Part "A" or Hospital Costs of Malpractice.
7. Oak Forest and Provident do not report any Malpractice Costs on their filed Cost Reports.

## **INTEREST**

- 1. Bond Interest is not recorded in the Financial Statements for any of the Institutions.**
- 2. All the amounts of Bond Interest are netted from any Bond Revenue per CMS instructions.**
- 3. Net Bond Interest in FY 2007 for Stroger is 26,673,414 and Oak Forest is \$308,452.**
- 4. Provident does not have any Bond Interest.**
- 5. Stroger and Oak Forest add the Bond interest as an added adjustment to their Cost Reports under "New Capital Costs Buildings and Fixtures" .**

## **PENSION EXPENSE**

- 1. Pension Expense in FY 2007 for Stroger, ACHN and CORE is \$61,130,708.88.**
- 2. Pension Expense for Oak Forest is \$12,393,373 and Provident is \$10,277,026.**
- 3. For all three Hospitals the amount is in the Financial Statements, Oak Forest and Provident the amount is directly assigned to Employee Benefits in the Cost Report.**
- 4. Stroger uses a business unit titled "General Administration" which flows in "Administrative and General" in the Cost Report.**
- 5. A reclassification is made in the Cost Report from "Administrative and General" to "Employee Benefits".**

**ATTACHMENT #7**





# ERP System Selection Update

Finance Committee

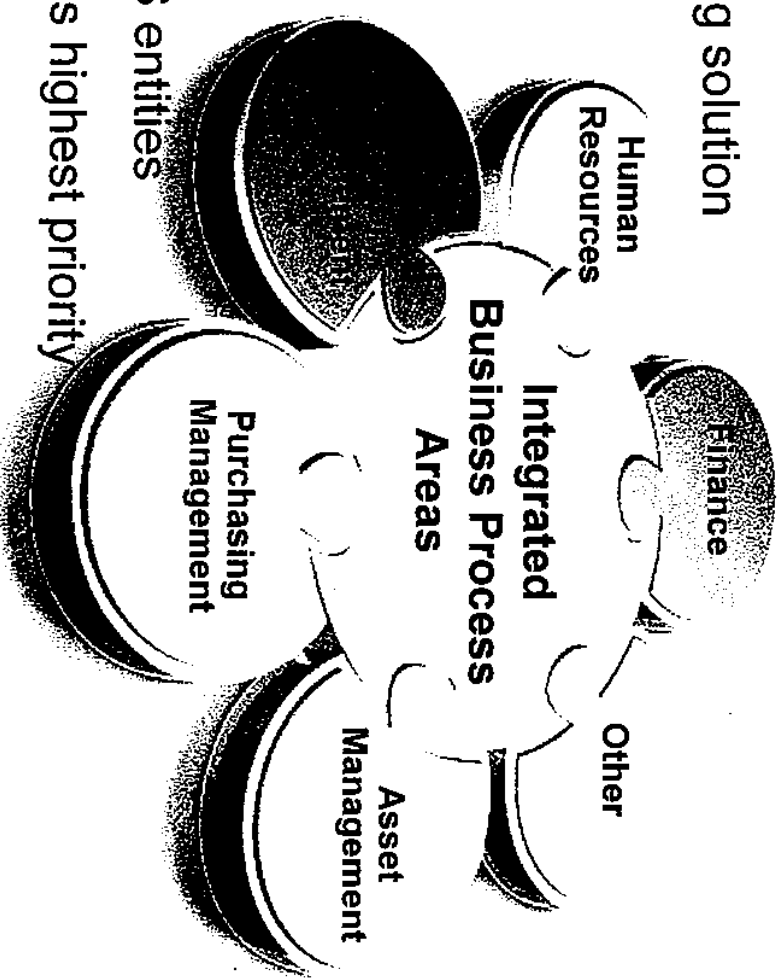
Board of Directors of the Cook County Health  
and Hospitals System

Monday, August 18, 2008



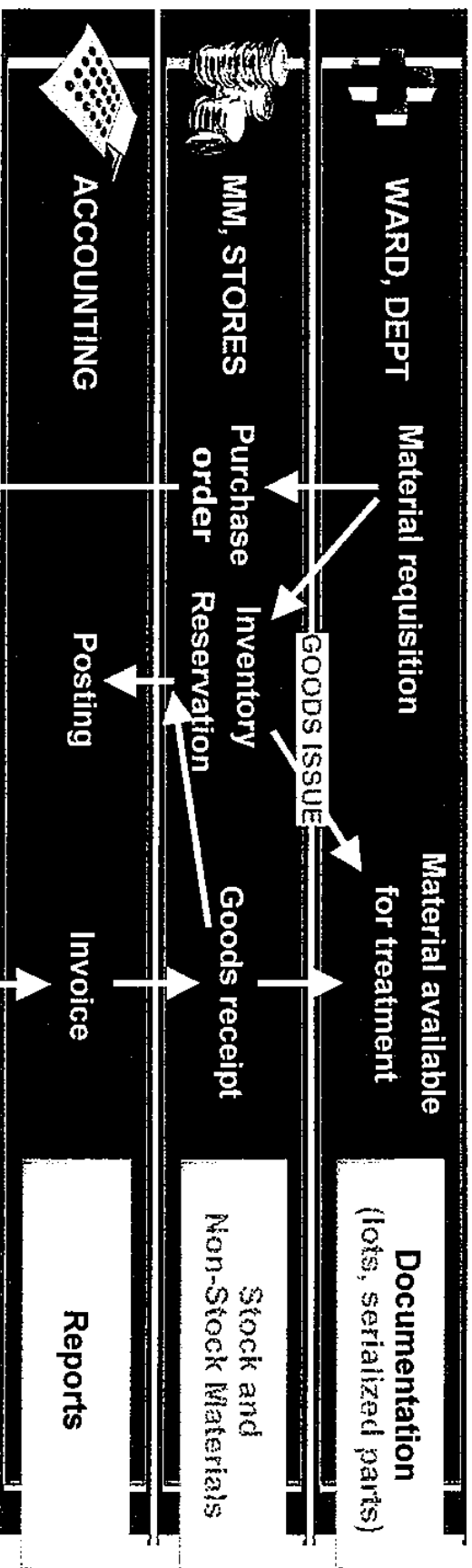
# Understanding and Scope

- An enterprise resource planning solution
  - End-to-end integrated processes
  - Application-centralized solution
  - In-depth financial reporting
  - Data entry standardization
  - Flexible deployment of business processes
  - Minimal data manipulation (interfaces)
- System will support all CCHHS entities
- Move quickly, general financials highest priority
- May include other applications
  - Decision support, performance management, and human capital management





# Healthcare ERP logistics



ERP Solutions Brings Logistical Processes Together



# Standard Selection Process

- Generally includes the following phases:
  - Organizing the project
  - Current state assessment/workflows
  - Future state design – determine best of breed functionality list
  - Develop, distribute RFP; evaluate RFP responses
  - Demonstrations
  - Final Due Diligence, Site Visits
  - Selection and Contract Negotiations
- Best case timeframe = 6 months; likely longer for CCHHS
- Standard selection process may not be the best for several reasons:
  - With ERP the “modular features and functions” must take a back seat to selecting based on the overall integrated process improvement objectives.
  - There are only a few ERP vendors that capture the healthcare market due to their healthcare capabilities.
  - Enough information may exist CCHHS to define a very streamlined process.



# ERP Market Penetration

- In 2007, HIMSS reported 962 healthcare "ERP" installations
- Lawson represented 40.7% or 392 active implementations
- PeopleSoft/Oracle represented 13.6% or 131 active implementations
- SAP represented 11.6% or 112 active implementations
- All other active implementations were less than 34.0% of the total market

# HIMSS

exclusively focused on providing global leadership for the optimal use of healthcare information technology (IT) and management systems for healthcare.



# Total Cost of Ownership

(software, hardware, internal staff, professional svc, post-implementation)  
Relative TCO = TCO/Annual Revenue (.56 – 1.75)

Metric	Lawson	PeopleSoft	Oracle	SAP
Average Revenue of client base	\$585M	\$2.38B	\$1.8B	\$2.98B
TCO (FULL SUITE)				
Implementation	75%	85%	63%	60%
1 Year Post - Implementation	13%	16%	19%	12%
2 Year Post - Implementation	12%	7%	18%	6%
RELATIVE TCO				
Average	.56%	1.38%	1.75%	1.27%
Tier 1 (>\$1B)	4th	5th	3rd	1st
Tier 2 (\$200M - \$1B)	2nd	3rd	6th	5th
Tier 3 (< \$200M)	2nd	4th	1st	5th



# Total Cost of Ownership

(continued – The Aberdeen Study 2006, manufacturing marketplace)

- Most companies can not measure accurately internal costs, so they were excluded in the survey of 689 respondents.
- Five ERP vendors (Infor, Lawson, QAD, Oracle, and SAP) were evaluated.
- Findings: (only reporting findings of ERP vendors in the healthcare market
  - Software cost per user: Lawson is #1 (\$4,044/user, avg #users = 195), SAP \$5,995/user, Oracle \$4,816/user)
  - Highest number of modules used: SAP and Lawson tied #1
  - Most functionality utilized – SAP is #1
  - Cost per percentage point of functionality used: Lawson is #1



# Selection Approach

- Objective: Quickly select a vendor that can support best practice ERP processes.
- Strategy: Make the vendors do most of the work
- Approach: A customized and quick selection approach which may include the following:
  - Limit the vendor field. Are there immediate elimination criteria?
  - Slim down the “features and functions” – highest priority and health care specific
  - Define business process improvement objectives by module,
  - Ask the vendors to supply their best practice business process redesign (BPR) flow for each business objective.
  - Once the BPR flow is finalized to support CCHHS, each vendor will demonstrate their software’s ability to adhere
  - A focus on new technologies in place to facilitate the process, the implementation process and overall cost.





# ERP Realizations

- Implementation timeframe: dependent on the business process redesign but generally one to three years on average. Northwestern Memorial Hospital > 3 years.
- The cost: expensive
  - TCO figures are the implementation figures, ongoing costs need to be determined
  - Costs will continue – ERP implementation is never done
- Hidden costs
  - Training – Training is high for staff to learn new business processes along with the new system.
  - Integration, Testing, Data conversion
  - Internal and external resources – integrating your ERP processes requires outside expertise and internal resources must be in place to implement and maintain the ERP processes.
- Recommended implementation approach – one module at a time, financials are usually the first.



# ERP Realizations at CCHHS

- Defining our highest priority ERP processes will be difficult due to lack of standardization.
- Our ERP implementation broader than many health systems due to the breadth of our ambulatory environment.
- Financial, Materials Management and Human Resource systems have historically been provided by Cook County.
- As a result, there are NO resources within the IS department to support this project;
- IS resources are already low (71 employees);
  - Gartner Research: 1 IS FTE per 56 non-IS employees (~7000/56 = ~125 employees)
  - HIMSS Analytics: 0.21 IS FTE per staffed bed for facilities with Level 4 EMR adoption (~650 staffed beds = ~135 IS employees)
  - Appropriate staffing >125 IS FTEs; currently at 50% staffing levels
- No training department, few training resources exist



# In Conclusion

- A significant one-time and ongoing financial commitment is required
- External resources are required to assist the selection process.
- Additional resources are required in IS; an entire general financial/ERP area within IS needs to be formed and staffed.
- Additional resources are likely required in the user departments.
- A training department is required.

**Thank You**

